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ARIZONA CORPORATION COMMISSION

2010 MAY 28 P 2:35

ORIGINAL

May 28, 2010

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Ms. Sonn S. Rowell, CPA
Desert Mountain Analytical Services PLLC
P.O. Box 51628
Ahwatukee, Arizona 85076

RE: EAST SLOPE WATER COMPANY - APPLICATION FOR A RATE INCREASE
DOCKET NO. W-01906A-10-0170

LETTER OF DEFICIENCY

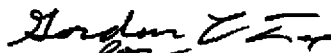
Dear Ms. Rowell:

In reference to your rate application received on April 30, 2010, this letter is to inform you that your application has not met the sufficiency requirements as outlined in Arizona Administrative Code R14-2-103. Staff has found a number of deficiencies with the rate application which are listed on a separate attachment. The 30-day sufficiency determination period will begin anew when the Company corrects the deficiencies and Docket Control receives an original and 15 copies of a corrected application.

You have 15 calendar days, or until June 21, 2009, to correct the deficiencies, or make other arrangements with Staff to remedy your rate application. If a corrected application is not filed or other arrangements are not made by that date, Staff will request the docket number be administratively closed. Docket Control will retain one copy of the original application for Commission records. You may file an original and 15 copies of an updated application at a later date.

The Staff person assigned to your application is Jeffrey M. Michlik. He can be reached at (602) 364-2034, or toll free at (800) 222-7000, if you have any questions or concerns.

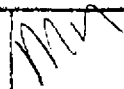
Sincerely,


Nancy L. Scott, Esq.

Arizona Corporation Commission

DOCKETED

MAY 28 2010

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Chief, Financial & Regulatory Analysis Section
Utilities Division

CC: Docket Control Center (fifteen copies)
Connie Walczak, Consumer Services
Delbert Smith, Engineering
Lyn Farmer, Hearing Division

EAST SLOPE WATER COMPANY
Rate Application
Docket No. W-01906A-10-0170
Test Year Ended December 31, 2009
List of Deficiencies

1. Please provide a complete application for this entity that includes all schedules required by Arizona Administrative Code R14-2-103 (Note: Reconstruction Cost New Depreciated information not filed will be deemed waived). The following required schedules were omitted: A-1, A-2, A-4, B-1, B-2, B-5, C-1 (omitted on an individual basis), C-2, C-3, D-1, E-7, E-8 and E-9.
2. Please provide the actual monthly usage for each individual bill for usage equal to or greater than 100,000 gallons (Schedule H-5).
3. Schedule H-3 does not clearly show the gallons included in the monthly usage charge for present and proposed rates for each meter size.
4. Please arrange customer classification by ascending meter size on Schedule H-1.
5. Schedule H-3 should include the Surcharge rate.
6. Schedule H-3 does not comport with the Company's tariff on file with the commission. Please make all corrections as pertinent (refer to email correspondence from the consumer services section).
7. Schedule H-4 should show the proposed percentage increase in the monthly bill over present rates with and without the surcharge.
8. Schedule H-5 does not include billing determinants for the emergency surcharge.
9. Please provide a copy of the Customer Notice and the Affidavit of mailing.
10. Referring to the rate application, Exhibit 4/Water Systems Plant Description:
 - a) After an initial sufficiency review, it appears that there are discrepancies in the reported Plant Description. Please have the system operator verify this data and re-submit.
 - b) Please include the Company Well ID Number (such as, Well#1, etc.) next to ADWR ID Number.
11. Referring to the rate application, Additions (Acct.311, 331& 334/ Schedule E-5a):
In order for Staff to accurately evaluate the rate applications, please provide a spreadsheet identifying the plant items associated with the dollar amounts. For example, under Account 311 Pumping Equipment, East Slope/Well ADWR55-805786: replaced failed 20hp pump (originally installed in 2000, with cost amount \$____) with a new 20hp pump, with cost amount \$____. Also, for example, under Account 331 Transmission & Distribution Mains, East Slope: replaced a leaking pipe (1,000 feet of 6 inch AC pipe,

EAST SLOPE WATER COMPANY

Rate Application

Docket No. W-01906A-10-0170

Test Year Ended December 31, 2009

List of Deficiencies

originally installed in 1980/ cost amount \$____) with a new pipe (1,000 feet of 6 inch PVC pipe/cost amount \$____).

12. Referring to the rate application, Water Testing during the Test Year (Acct. 635/Schedule E-2a). Please provide a cost/sample breakdown of this expense based on all tests required by ADEQ for Distribution System Monitoring, including Total coliform, TTHM & HAA5, Lead & Copper, etc.:

- a) Monitoring cycle (monthly, quarterly, annually, per three-year, etc.);
- b) Number of tests per monitoring cycle;
- c) Cost per test,
- d) Provide invoices for Water Testing during the Test Year.